

AMENDED IN ASSEMBLY MAY 21, 2013

AMENDED IN ASSEMBLY APRIL 16, 2013

AMENDED IN ASSEMBLY MARCH 19, 2013

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL

No. 777

Introduced by Assembly Member Muratsuchi

(Principal coauthor: Assembly Member Hall)

(Coauthors: Assembly Members Bloom, Ian Calderon, Chau, Fox, Garcia, Gomez, Gorell, Holden, V. Manuel Pérez, and Rendon)

(Coauthors: Senators Emmerson, Knight, Roth, and Wright)

February 21, 2013

An act to add *and repeal* Section 242~~to~~ of the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

AB 777, as amended, Muratsuchi. Taxes: exemption: space flight property.

The California Constitution authorizes the Legislature to classify personal property for differential taxation or for exemption by means of a statute approved by a $\frac{2}{3}$ vote of the membership of each house.

Pursuant to this constitutional authorization, this bill would, *for lien dates from 2007 to 2022, inclusive*, exempt qualified property, as defined, for use, or intended for use, in space flight.

By imposing new duties upon local tax officials with respect to the personal property tax exemption described above, this bill would impose a state-mandated local program.

This bill would make a legislative finding and declaration as to the public purpose served by the bill.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions.

Section 2229 of the Revenue and Taxation Code requires the Legislature to reimburse local agencies annually for certain property tax revenues lost as a result of any exemption or classification of property for purposes of ad valorem property taxation.

This bill would provide that, notwithstanding Section 2229 of the Revenue and Taxation Code, no appropriation is made and the state shall not reimburse local agencies for property tax revenues lost by them pursuant to the bill.

This bill would take effect immediately as a tax levy.

Vote: $\frac{2}{3}$. Appropriation: no. Fiscal committee: yes.
State-mandated local program: yes.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 242 is added to the Revenue and Taxation
- 2 Code, to read:
- 3 242. (a) There is exempted from the taxes imposed by this
- 4 part qualified property for use, or for intended use, in space flight.
- 5 (b) For purposes of this section:
- 6 (1) "Qualified property" means any of the following:
- 7 (A) Tangible personal property, whether raw materials, work
- 8 in process or finished goods, that has, or upon manufacture,
- 9 assembly, or installation has, space flight capacity, including, but
- 10 not limited to, an orbital space facility, space propulsion system,
- 11 space vehicle, launch vehicle, satellite, or space station of any
- 12 kind, and any component thereof, regardless of whether that
- 13 property is to be ultimately returned to this state.
- 14 (B) Tangible personal property to be placed or used aboard any
- 15 facility, system, vehicle, satellite, or station described in
- 16 subparagraph (A), regardless of whether that property is to be
- 17 ultimately returned to this state.

1 (C) Fuel of a quality that is not adaptable for use in ordinary
2 motor vehicles, but is produced, sold, and used exclusively for
3 space flight.

4 (2) "Space flight" means any flight designed for suborbital,
5 orbital, or interplanetary travel by a space vehicle, satellite, space
6 facility, or space station of any kind.

7 (c) The exemption established by this section shall not be denied
8 by reason of failure, postponement, or cancellation of a launch of
9 a space vehicle, satellite, space facility, or space station of any
10 kind, or the destruction of any launch vehicle or any component
11 thereof, but the exemption shall not apply to any material that is
12 not intended to ~~by~~ be launched into space.

13 (d) The exemption pursuant to this section shall apply to lien
14 dates ~~that are~~ on or after January 1, ~~2007~~. 2007, and before January
15 1, 2023.

16 (e) *This section shall remain in effect only until January 1, 2024,*
17 *and as of that date is repealed.*

18 SEC. 2. The Legislature finds and declares that this act fulfills
19 a statewide public purpose because it promotes businesses within
20 the state that consistently expand and provide secure employment
21 in a much needed industry.

22 SEC. 3. If the Commission on State Mandates determines that
23 this act contains costs mandated by the state, reimbursement to
24 local agencies and school districts for those costs shall be made
25 pursuant to Part 7 (commencing with Section 17500) of Division
26 4 of Title 2 of the Government Code.

27 SEC. 4. Notwithstanding Section 2229 of the Revenue and
28 Taxation Code, no appropriation is made by this act and the state
29 shall not reimburse any local agency for any property tax revenues
30 lost by it pursuant to this act.

31 SEC. 5. This act provides for a tax levy within the meaning of
32 Article IV of the Constitution and shall go into immediate effect.